

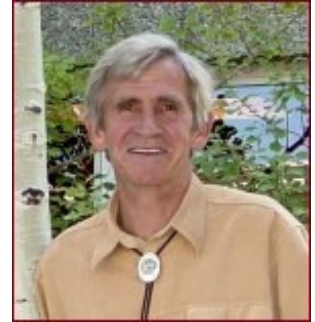


Governor Brian Schweitzer
Keith Kelly, Commissioner

Montana

Department of Labor and Industry

Commissioner's Office



Dear Colleagues and Fellow Montanans,

It is my honor to present the 2007 Workers' Compensation Annual Report to the Governor, the legislature, and to stakeholders in Montana's workers' compensation system. This report provides an overview of system activities, statistics, and benchmarks.

This year will be regarded as an important year for workers' compensation stakeholders in Montana. Through the efforts of the Labor-Management Advisory Council on Workers' Compensation, areas vital to the improvement of the workers' compensation system have been studied and addressed. The Council is tasked with examining injury prevention, medical fee schedules, return to work programs, and claims settlements.

One of the biggest changes this year was the overhaul of the medical fee schedule governing medical treatment of injured workers. As a result of the changes to the fee schedule, the National Council on Compensation Insurance announced that workers' compensation rates in Montana would be decreased by 2.9% equating to a projected \$11 million in savings. This decrease combined with improved frequency rates of injury and moderation in indemnity costs during the last two years, resulted in a total average savings to Montana businesses of 5.9%, equating to a projected \$22 million.

The Department of Labor and Industry teamed up with stakeholders to host summits in Billings, Great Falls, and Missoula. These meetings, called 60 Summits Montana, brought together more than 250 individuals with differing perspectives on workers' compensation to implement a culture change in the way Montana deals with return to work and needless work disability.

In the coming year, we will continue to work hard to address the challenges of the workers' compensation system by:

- Continuing the implementation of WorkSafeMT, a program aimed at reducing the number and severity of injuries in the Montana workplace;
- Completing a major survey project that assesses the status of return to work programs and workers' compensation satisfaction in Montana;

By reviewing these efforts and the information presented in this annual report, you will gain an awareness of the Department's continuing goals of fostering a favorable business climate in Montana and better care of injured workers.

Sincerely,

A handwritten signature of Keith Kelly in dark ink.

Keith Kelly
Commissioner